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IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

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In re application of

X

Attny. Docket No.: STROH FEB 17 2004

Applicant: Leslie STROH

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Serial No.: 09/264,171

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Filed: March 5, 1999

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Examiner: G. Akers

For: "TRADE FINANCING METHODS, :
INSTRUMENTS AND SYSTEMS"

X

February 17, 2004

Commissioner for Patents
P.O. Box 1450
Alexandria, VA 22313-1450

RESPONSE UNDER 35 USC §132 AND 37 CFR §1.111

SIR:

In response to the Office Action dated December 11, 2003, please give favorable consideration to the following remarks.

Summary

In the outstanding Office action, all pending claims, claims 35-80, 82-87 and 92-101, were rejected under 35 USC §103 as being unpatentable over Ordish et al. in view of Odom et al. and a new reference to Tozzoli et al., U.S. Patent No. 5,717,989. However, none of Ordish et al., Odom et al. and Tozzoli et al. discloses or suggests a payment instrument bearing the buyer's signature which can be delivered to the seller prior to the release of goods or services and which automatically becomes negotiable when the seller releases the goods or services, as is defined in applicant's independent

claims 35 et al. Nor is there any way to combine the disclosures of Ordish et al., Odom et al. and Tozzoli et al., even using impermissible hindsight, to provide such a payment instrument or the whole subject matter of any one of applicant's independent claims.

Accordingly, all claims are believed clearly patentable and therefore allowable. Having regard to the age of the application (about five (5) years) and the number of actions issued (seven (7) by applicant's count), prompt allowance is believed proper and is respectfully requested.

Patentability Over Ordish et al. In View of Odom et al. and Tozzoli et al.

Applicant's claims have previously been patentably distinguished on the record herein from a combination of Ordish et al. and Odom et al.. Both Ordish et al. and Odom et al. disclose only conventional methods for financing a transaction and neither reference remotely suggests applicants novel event-activated payment draft. Ordish et al. relates to the matching of bids and offers for foreign exchange, stocks, bonds and the like. Odom et al. relates to an electronic networked exchange. In the current action, the Office relies upon Tozzoli et al. et al. in an attempt to correct the deficiencies of the combination of Ordish et al. and Odom et al.. The sole issue outstanding in this application is whether Tozzoli et al. can be combined with Ordish et al. and Odom et al. to provide applicant's claimed invention.

It is applicant's position that even this combination of the three closest references the Office can find neither provides nor suggests the subject matter of applicant's claimed invention, as defined in any one of independent claims 35, 44, 64, 68, 75, 82 and 101, when that subject matter is considered as a whole, in the manner required by the statute. Furthermore, there is no motivation in the art to combine these three references. It is respectfully urged that the motivations for combining provided by the

Office in the Office action are either not remotely relevant to applicant's claimed invention or are not identifiable in the references or elsewhere in the art.

Tozzoli et al. is relied upon by the Office for the first time after almost five years of pendency of applicant's application, notwithstanding that Tozzoli et al. is acknowledged, described and distinguished at page 8 of applicant's specification as filed.

In Tozzoli et al. et al.'s disclosed method, a funder guarantees payment for transactions between an approved buyer and a seller who satisfy the funder's predetermined criteria. Though not stated, it can be expected that the funder's criteria will require the buyer to commit liquidity, credit resources or cash, or to establish account privileges prior to initiating a transaction (column 5, line 44 to column 6, line 7). Tozzoli et al. et al.'s system verifies that various portions of the transaction properly correlate with the purchase order and with the funder's criteria and generates payment instructions if they do (column 5, lines 36-43).

At column 5, lines 44-46, Tozzoli et al. et al. makes clear the limits of their system:

The specific legal arrangements regarding risk of non-payment which are made by the parties are not critical to the trade system of the present invention.

In contrast, applicant's claimed invention provides a simple instrument enabling the buyer and seller to implement "legal arrangements" which efficiently manage liquidity for the buyer and non-payment risks for the seller. In a sense, the invention claimed herein can be said to pick up where Tozzoli et al. leaves off.

In Tozzoli et al.'s system, payment instructions, e.g. issuance of a funds transfer request (column 16, lines 58-67) are issued after the seller releases the goods (column 16,

line 39). This can be seen clearly from Figs 3B-3C. Step 820 "PLACE GOODS IN TRANSIT" (Fig. 3B) precedes step 870 "ISSUE FUNDS TRANSFER REQUEST" (Fig. 3C). Payment methods are conventional, see column 16, lines 61-67 which reads as follows:

"Payment may be made in one of several manners. For example, the trade system may issue a funds transfer request to the bank holding the buyer's or funder's DDA (step 870), which transfers the funds to the bank holding the seller's DDA (step 880) and notifies the system that the funds have been transferred (step 890)."

In clear and patentable distinction from the disclosures of Tozzoli et al., Ordish et al. and Odom et al. in the method of applicant's claim 35, the buyer provides a novel payment instrument to the seller (or the seller's agent), prior to release of the traded product from the seller's control. The novel payment instrument is an event-activated, latent payment draft. None of Tozzoli et al., Ordish et al. or Odom et al. remotely suggests an event-activated latent payment draft as defined in claim 35, or the provision of such a draft to the seller prior to release of the traded product. Tozzoli et al.'s payment instructions, none of which remotely resembles applicant's event-activated latent payment draft, are issued after the seller releases the goods, not before.

The event-activated prerelease payment draft is defined in claim 35 as an instrument drawn by the seller on the buyer at a financial institution which is executed by the buyer indicating the buyer's acceptance of the draft. The draft is payable to the seller's order by the financial institution and is non-negotiable when drawn. Uniquely, the payment draft sets forth an activating event which renders the draft negotiable. Specific events include release of the traded product by the seller, a number of other events, as listed in applicant's claims and equivalents, variants and other such events as will be apparent to those of ordinary skill in the art. Also, the draft sets forth a specific payment term which commences when the activating event occurs, which is after

execution of the payment draft by the buyer.

The outstanding Office action makes several references to an "event-activated, latent payment draft," and to "activating events" in the context of "payment drafts" as though applicant's unique instrument, as claimed, were somehow disclosed in the art of record, but it is not. Of course, the placing of my signature on a check I have written might be described as a "payment draft activating event". However, this is not sufficient to meet applicant's claim language with respect to the defined payment draft. Applicant has claimed use in the method as set forth in claim 35 of a particular latent payment draft which has all the criteria set forth in the claim, which are paraphrased above. The Office has not shown the presence in the art of any event-activated payment draft where all claim 35's criteria, financial institution, buyer's signature, activating event, payment term and so on, are provided in a single instrument. It is applicant's belief that none exists: nowhere is there disclosed a payment draft having the features defined in claim 35 and which are described in the immediately preceding paragraph. Accordingly, claim 35 and other independent claims containing similar limitations, are believed clearly and patentably distinguished from Ordish et al. and Odom et al. even in view of Tozzoli et al., or any other reference or references, and therefore allowable.

As previously explained, for example in the Amendment mailed April 29, 2002, neither Ordish et al. nor Odom et al. relates to the payment cycle: both relate only to the offer and acceptance cycle. Both Ordish et al. and Odom et al. rely upon conventional cash, credit card or deposit account settlement. Nor does Tozzoli et al. provide an enhanced finance and payment method. None of Ordish et al., Odom et al. and Tozzoli et al. discloses or suggests a payment instrument bearing the buyer's signature which can be delivered to the seller prior to the release of goods or services which is at that time non-negotiable and which automatically becomes negotiable when the seller

releases the goods or services, (or upon the occurrence of some other specified activating event) without any further action, such as signature or authorization, being required by the buyer or other party.

Tozzoli et al.'s objectives are quite different from applicant's claimed invention. Thus, Tozzoli et al. aims to facilitate international trade in goods, avoiding the use of a letter of credit, and avoids the difficult conventional processing of documentation for compliance with a letter of credit. Tozzoli et al.'s system addresses problems that arise from documentary discrepancies in trade transactions and seeks reduction of the delays and costs involved in financing trade by automated comparison of purchase order data, contract data and shipment data to generate payment due data (see claim 1). While Tozzoli et al.'s documentary compliance procedures might be employed in the practice of applicant's claimed invention, applicant in fact discloses and claims, in the dependent claims, a different documentary compliance procedure. Whereas Tozzoli et al. compares a seller-generated invoice with a buyer-generated purchase order for compliance, applicant's embodiment matches a seller-generated *pro forma* invoice with the seller-generated invoice, which is quite different.

As stated above, Tozzoli et al. discloses no new payment instrument to finance international and other trade between remote parties. Nor does Tozzoli et al. employ bills-of-exchange, as are used in applicant's preferred embodiments. Accordingly, applicant's independent claims are believed clearly patentably distinguished from the combination of references relied upon by the Office, and therefore allowable.

Dependent Claims

Claims 36-43, 45-63, 65-67, 69-74, 76-81, 83-87 and 92-100 depend from respective ones of the independent claims discussed above, and are therefore allowable with the

independent claims for the reasons that the independent claims allowable. Dependent claims 36-43, 45-63, 65-67, 69-74, 76-81, 83-87 and 92-100 are furthermore clearly and patentably distinguished from the art of record, and therefore allowable, by the additional meaningful limitations they recite. The additional reasons for the patentability of many of these additional claims have been clearly explained on the record herein, without rebuttal by the Office, for example in the Amendment facsimile-transmitted on April 30, 2003. Furthermore, to the best of applicant's recollection of this long file history, no art has been specifically applied to a dependent claim. Accordingly, for these several reasons, dependent claims 36-43, 45-63, 65-67, 69-74, 76-81, 83-87 and 92-100 are believed clearly allowable.

Ordish et al. and Odom et al.

Made of record herewith is a copy of a tabular analysis of the Office's characterization of Ordish et al. and Odom et al. in the Office action dated March 12, 2003, (Paper #57) which includes applicant's comments. This document was informally provided to Examiner Akers during the interview conducted with the undersigned in the month of April 2003 and clearly shows the deficiencies of these two references and the patentable distinctions defined in applicant's claim 35. Such differences are also discussed and explained in the Amendment mailed April 29, 2002.

Reply to the Office's Rationale for Rejection

The Office's comments in support of the rejection under 35 USC 103 in the outstanding Office action have been carefully considered and in applicant's view do not make a *prima facie* case of unpatentability. There are several respects in which these comments appear to be in error or not relevant to applicant's claimed invention.

References to Ordish et al. teaching a "composite match notification" and an

"acknowledge display and confirmed trade system" as well as Odom et al. teaching "processing of purchaser information" appear to be quite unrelated to any of applicant's claim limitations and no such relationship is explained in the action. Therefore, these assertions have no practical effect in this application to the best of applicant's understanding. Similar comments apply to the references to Tozzoli et al. as teaching "a system for storing criteria by a funder", "applying filters to the purchase order, notification of proposed purchase order and filter approval", "as well as filter proposed purchase order vs seller limits" and other quoted features of Tozzoli et al., other than the reference to the standard conventional steps of "placing the goods in transit" and "the transfer of funds to the sellers bank" and "sending notification of the funds transfer". Applicant does not seek to monopolize the last two conventional steps.

Neither Ordish et al. nor Odom et al. discloses an "event-activated payment draft" meeting applicant's claim definition, as has been explained hereinabove and elsewhere on the record herein. Nor has the Office explained what disclosures in the reference can be so described.

The Office's motivations to combine could not possibly be used to suggest applicant's claimed invention because none of applicant's claims sets forth a single limitation calling for "a networked commerce system that permits a user to bid automatically..." or "determining whether the subsequent action data satisfies the contract based upon the purchase order data".

Furthermore, any issues regarding patentability of applicant's claims over a combination of Ordish et al. and Odom et al., per se, without another reference, are believed moot, such patentability having been established on the record herein.

Other features identified in the references by the Office are not applied to specific limitations in applicant's claims, so that their significance is not apparent to applicant and cannot be addressed, nor are they combined with other reference features in manner providing a *prima facie* case which applicant might reasonably answer.

In summary, while the outstanding Office action quotes or paraphrases numerous disclosures in the cited references, it does not provide a rationale that applicant can comprehend showing how the language of applicant's claim 35, or any other claim could, purportedly, read on to the disclosure of a single reference or combination of references. There is no customary feature-by-feature analysis of the claim language accompanied by a showing of where each feature in its turn may be found in a reference disclosure. Applicant believes such a showing is not possible because his claims are patentably distinguished from the references of record.

File History

Applicant notes that the electronic PAIR record of this application contains gaps, notably in that there is no mention of papers 36-37 and 39-42. If the Patent Office file is missing these papers and, for example applicant's RCE transmittal and Amendment mailed April 29, 2002 are not mentioned in the PAIR file history of this application, applicant's representative will be pleased to attempt to supply copies of any missing papers in the customary spirit of cooperation with the Office. A minor point, paper G (#28) was transmitted by fax on 7/28/2003 and appears from PAIR to be noted as filed 7/29/2003 rather than 7/11/03, as noted in the outstanding office action.

Prosecution History/Request for Prompt Allowance

By applicant's count this is the seventh Office action on the merits, six prior actions dated November 29, 2000; May 22, 2001; January 30, 2002; July 9, 2002; March

12, 2003 and July 16, 2003 respectively having been received. In three (3) of these actions, subsequent to the first action which was based on the results of the Office's search, a new reference was cited even although the central theme of applicant's claimed invention has remained largely unchanged throughout. Two Office actions have issued since verbal agreement in substance was reached in the telephone interview on April 17, 2003 as to the allowability of claim 35 and after amendment of same. In the Office action dated July 16, 2003, no art based rejections were raised, and there was no objection or rejection of the claims now pending. (Four other rejected claims were canceled in response to the July 16, 2003 action.) Particularly in light of the extensive prosecution of this application, it was not unreasonable for applicant to infer from the absence of rejection or objection in the July 16, 2003 action that claims 35-80, 82-87 and 92-101 were in condition for allowance. (See MPEP 707.07(e) and (g).) Instead, in the outstanding action, these same claims are rejected relying, in part, upon a "new" reference being a patent publication that was in fact described and aptly characterized in applicant's original specification.

The foregoing detailed and meaningful discussion is believed to clearly show that the Tozzoli et al. reference in no way adversely affects the patentability of applicant's claims, even after careful consideration of the Office's rationale for rejection. This being the case, and in light of the prosecution history of this application, it is respectfully and most earnestly urged that the application be promptly allowed. Any further rejection or reason for delaying allowance, unless based upon a clear and substantive new issue appropriate to an application of this maturity, would be unfair to applicant and indeed improper, in applicant's view.

In view of the above amendments and the discussion relating thereto, it is respectfully submitted that the instant application, as amended, is in condition for

allowance. Such action is most earnestly solicited. If for any reason the Examiner feels that consultation with Applicant's representative would be helpful in the advancement of the prosecution, he is invited to call the telephone number below for an interview.

Respectfully submitted,

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